

Message Text

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ACTION AID-59

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E.O. 11652: N/A
TAGS: EAID, IN
SUBJECT: DEVELOPMENT OF LONG TERM STRATEGY - INDIA

REF: (A) STATE 309505; (B) NEW DELHI 17806

1. EMBASSY ATTACHED IMPORTANCE TO THE STUDY TO DETERMINE A LONG-TERM STRATEGY FOR U.S. DEVELOPMENT ASSISTANCE TO INDIA AND WELCOMES THE CHOICE OF PROFESSOR LINDBLOON TO HEAD THE STUDY GROUP. WHILE WE HAVE INFORMALLY MENTIONED THIS SUBJECT TO MOF, BECAUSE OF PRESIDENT'S VISIT, THERE HAS NOT BEEN AN OPPORTUNITY TO FOLLOW UP WITH THE GOI.

2. IN OUR VIEW A CENTRAL GUIDING PRINCIPLE FOR THIS STUDY SHOULD BE A DISPOSITION TO INVOLVE INDIA'S PLANNERS TO FULLEST EXTENT POSSIBLE. THIS IS IN LINE WITH THE BILATERAL DISCUSSIONS THAT THE PRESIDENT HAS JUST COMPLETED HERE AS WELL AS IN HIS SPEECH BEFORE PARLIAMENT. HIS MAIN THRUST HAS BEEN ON EXPANDING COOPERATIVE EFFORTS IN SPACE, SCIENCE, AND TECHNOLOGY, AGRICULTURE RESEARCH, AND THE STUDY OF THE "EASTERN WATERS". THE PRIME MINISTER AS WELL PLACED EMPHASIS ON AREAS WHERE JOINT EFFORTS CAN BE MADE FOR MUTUAL BENEFIT. THE FOREIGN MINISTER, IN HIS STATEMENT TO THE JOINT COMMISSION, SAID "INCREASED AID AND GRAIN SUPPLY WERE NO LONGER CENTRAL TO OUR RELATIONSHIP" AND STRESSED THE NEED FOR COL-

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LABORATION IN TRADE, TECHNOLOGY AND OTHER FIELDS.

3. WE REGARD OF FUNDAMENTAL IMPORTANCE, AND OFFERING GREAT NEW PROMISE FOR THE FUTURE OF INDO-U.S. RELATIONS, THIS DETERMINATION BY THE LEADERS OF THE TWO COUNTRIES TO MINIMIZE SO FAR AS POSSIBLE THE PSYCHOLOGICAL DRAGS OF A DONOR-DONEE RELATIONSHIP AND TO PUT IN THEIR PLACE US RESPONSIVENESS AND

COLLABORATION AIMED AT ADVANCING OBJECTIVES AND PRIORITIES CHOSEN BY THE GOI, COUPLED TO US RECOGNITION OF THE SIGNIFICANT TECHNOLOGICAL AND MANAGERIAL CAPABILITIES THAT NOW EXIST HERE. WE URGE THAT THIS LONG TERM DEVELOPMENT ASSISTANCE STRATEGY STUDY BE CONCEIVED AND CONDUCTED IN THE SAME SPIRIT.

4. MORE SPECIFICALLY, WITH REFERENCE TO THE PROPOSED RELIANCE ON PRINCIPLES ENUMERATED IN THE JANATA PARTY'S ECONOMIC STATEMENT (REFTEL A, PARA 4) WE BELIEVE SOME COULD BE APPROPRIATELY USED IN FORMING THE FRAMEWORK OF THE STUDY. WE SHOULD KEEP IN MIND, HOWEVER, THAT THE STATEMENT IS A POLITICAL DOCUMENT BASING PRIORITIES ON POLITICAL CONSIDERATIONS AND THEREFORE CONTAINING ONLY BROAD PRINCIPLES TO WHICH A WIDE SPECTRUM OF POLITICAL INTERESTS CAN SUBSCRIBE. WITHIN THESE PRINCIPLES ARE AREAS OF CONTROVERSY -- E.G., MEANINGFUL REFORM VS. DE FACTO STATUS QUO; PUBLIC SECTOR DOMINANCE VS. DETERMINATION BY MARKET FORCES; BIG BUSINESS VS. SMALL FAMILY PLANNING; THE ROLE OF FOREIGN INVESTMENT, ETC. (SEE DELHI 15811).

5. THE RECENT INDUSTRIAL POLICY STATEMENT (SEE DELHI 18535) WILL ALSO BE OF INTEREST. MORE IMPORTANTLY, THE BUDGET MESSAGE DUE IN LATE FEBRUARY WILL BE THE FIRST CONCRETE INDICATION OF THE DEGREE THE JANATA GOVERNMENT CAN ACTUALLY CARRY OUT ITS STATED PRIORITIES. IT TOO SHOULD BE TAKEN INTO LIMITED OFFICIAL USE

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ACCOUNT IN ESTABLISHING A SPECIFIC FRAMEWORK FOR THE STUDY.

6. WE SHOULD NOW DISCUSS THIS MORE FORMALLY AND IN MORE DETAIL WITH THE GOI. UNLESS INSTRUCTED OTHERWISE, WE PLAN TO SAY THAT THE U.S. STUDY GROUP WILL WORK WITH THE GOI TO DEVELOP INFORMATION ABOUT INDIA'S DEVELOPMENTAL PLANS AND CAPABILITIES AND TO PLOT THE WAYS IN WHICH OUR OWN AID STRATEGY CAN BE DEvised TO BE MOST HELPFUL.
GOHEEN

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